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LETTER
TO THE
PROPRIETORS
OF
EAST-INDIA STOCK,

Я С Т Е І

О ПИТОЛЯ

ПРОПРИЕТАР



ЕАСТИНДІА СТОК

A 55
LETTER

TO THE

PROPRIETORS

OF

EAST-INDIA STOCK:

RELATIVE

To some Propositions intended to be moved
at the next GENERAL COURT,

On *Wednesday* the 12th of *July*.

London:

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BRITISH MUSEUM
EAST-INDIA STOCK:



To judge if a portion of a ledger is being moved
stamps from Gurr's Cards, 1910

INDON

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**TO THE
PROPRIETORS**

**O F
EAST-INDIA STOCK.
GENTLEMEN,**

YOU are very busy, at present, about supervisors to be sent to India to regulate your affairs there, though you have not been made acquainted with any of the particulars that require so extraordinary an exertion of power: indeed, if the gentlemen we have heard mentioned are to be sent out, it matters very little what errand they avow; the only end they can possibly compass,

complots, from the notorious opposition of character and connections of two of them, will be to put the finishing hand to that state of confusion into which the eternal squabbles of our servants abroad have brought our affairs ; or, at best, to screen from justice those instruments of tyranny and rapine, to whom the Company left the management of our most important concerns in Bengal.

I heartily wish, gentlemen, you may see the danger of this commission before you are prevailed on to give sanction to it, and that you may have wisdom and temper enough to form a well-concerted plan of reformation and regulation at home ; and, when that is done, to fix on proper persons and proper powers to carry that plan into execution : this never can be effected by an itinerant strolling commission, smuggled out, as it were, without consideration of the business they are going upon, and made up of characters wholly incompatible, to say nothing worse.

I have

I have often thought that the business of the superintendency, like the many lies that have been trumped up about intended marches to Delhi, danger of war with Suja Dowla, and danger of defeat from Hyder Alley, which all started from the same quarter, and were all meant to answer the same purpose, had been principally set on foot to divert the eyes of the publick from a most iniquitous game which had been carrying on for some time past by a set of men, some of whom, from the great and unexpected reward they have received from the Company, and others, from their exalted situation in our service, should not have joined in such a league: but when the true determined Asiatick Black-Policy is joined to the low dirty cunning of 'Change Alley, they cannot be expected to stop at any thing: and the world, apprised of such an union, will no longer be at a loss to account for India stock's being under 250.

In vain does our trade prosper in every branch, and each ship that arrives give the lye to some reports that have been spread to prejudice the stock; in vain does our annual account prove to demonstration that notwithstanding the expensive war on the coast, the extreme ignorance of the chief managers of our revenues in Bengal, and the extreme malignity with which this account is drawn up in order to shew things in the most unfavourable light, yet still this Company is making an immense accumulation; all this will avail nothing, if the Proprietors, eternally occupied about every concern but their own, stand patiently by and suffer a combination of the most bare-faced and infamous stock-jobbers to throw a slur upon the stock, and publickly brag they can make it what price they please.

The Proprietors of East India Stock have no other standard measure to value their property by than the price of the day, and
 whoever

whoever is instrumental in reducing that price by unfair means, robs them of so much of their property. It was a matter of great complaint, some seventy years ago, when more of the circulating values of the kingdom were in coin; that this coin was shamefully reduced by clipping. This practice was abolished by the method introduced of milling the coin. But the great fabrick of publick credit reared since then, is still left exposed to those desperate clippers, *the bears*. The stock of the East India Company has felt their shears more than any other, as having been more in circulation of late, and it is high time a method were found out to mill it, before it be reduced, like the guineas of old, to half its original value. The stock of a trading company cannot well be fixed to any precise standard, but it may surely be brought within some bounds of proportion to its intrinsick value, which is to be determined by its dividend, so long as that dividend is such as the Company's affairs will

In vain does one strive to labor in every
 branch, so long as there is no power to give the
 Justify, such as will stand the test of scrutiny,
 and leave a considerable surplus for accumu-
 lation. That this is the case with respect to
 the present Proprietors of East India Stock,
 will not, I believe, be contested; if it
 should, I must refer the parties to the par-
 liamentary inquiries, in which no favour was
 certainly shewn or meant to the Company,
 and to the annual accounts, which, in spite
 of wars, abuses, and the so much complain'd
 of decrease of revenues and payments to go-
 vernment, prove an accumulation of near
 three millions in three years.

It remains to be explain'd to you, gentle-
 men, by what method your Stock may be
 rescued from the disgraceful state it has been
 brought to; and acquire that stability which
 alone it is in want of, to become the most
 valuable property in the kingdom: these
 means are plain and simple, they are in your
 own power, and will, I am told, be laid
 before you at the next general court, neatly
 in the form of the ensuing resolutions.

Resolved,

Resolved, That it is the opinion of this court, that the late very great fall in the price of the Company's stock, can no ways be justified by any circumstances of the Company's situation, either at home or abroad, as abundantly appears from the dispatches from India, and the annual account now laying before the Court.

That these great and sudden fluctuations are not only highly detrimental to private property, but manifestly injurious to public credit in general, and the credit of this Company in particular; and, in order the more effectually to prevent these evils for the future, by rendering all combinations to bring about sudden and unwarrantable rises and falls in the price of stock more difficult and dangerous, it is further resolved,

imo, That a sum not exceeding 200,000/. of the capital stock of the Company be forthwith purchased, by and for account of the

B 2 Company,

Company, or so much of it as may be obtain'd at 10 per cent. on the capital stock, under such price as will yield 4 per cent. interest for the money invested.

2do, That in case the price should at any time be higher than 10 per cent. on the capital stock, above the price which yields 4 per cent. interest for the money invested, then the said stock shall be forthwith sold out, or so much of it as can be disposed of at or above the said limits.

3rd, That in case the situation of the Company's cash should not enable the Directors to make this purchase, they be hereby authorized to apply to the Bank for their assistance in carrying the aforesaid resolutions into execution, or to raise the money in such other manner, as they may think more proper, and if needful, to transfer the stock purchased, for security. Should you adopt these resolutions, you will effectually

ually put a stop to the infamous game that is playing, and keep in the hands of the general court a most salutary counterpoise against all excessive fluctuations either up or down for the future; for when it is publickly known at what price the Company will purchase, nobody will be found to sell out below it, and the price at which the Company will sell out again, being equally ascertained and made publick, it will not be an easy matter to drive the stock above it, nor in any case to take any unfair advantage of it.

It would be throwing away words to insist on proving how useful this regulation would be to the state of credit in general; but it may not be improper to state the reasons, on which are founded the particular limitations of the prices stated in the foregoing resolutions.

The 3 per cents. subject to no increase or decrease, bring in about $3\frac{1}{2}$ per cent. interest;

rest; and though it must be allowed that the stock of a trading company, liable to revolutions, should afford more than the national funds, yet that difference ought not to be great, where the probability of an increase to that dividend is much greater than the danger of a decrease. This is evidently the case in India stock. The dividend is now only 11 per cent. but we all know, that from next Christmas it will be 12, and then 12 and $\frac{1}{2}$, during the remainder of the agreement with government; it might not, therefore, be unfair, to value the stock at the full rate of the present unincreased dividend of $12\frac{1}{2}$ per cent. but to satisfy those who want even a greater disproportion, I am ready to allow them one fifth part more interest in the stock than in the 3 per cent. which will make 4 per cent. interest for the money employed in it. At that rate, the price of India stock, with 11 per cent. dividend, ought to be 275, exclusive of any dividend that may be due, and this price, and something more,

more, it did bear till very lately, when the scandalous falsehoods circulated by the stock-jobbing Jaghiredars, and the infamous proceedings of some of the *directors of the Alley*, co-operated with, and increased the fright occasioned by the disturbances in the Carnatic, and brought down the price to what we now see it. Were it possible to fix with precision, the price of a commodity on which opinion must be allowed to operate, the standard of 4 *per cent.* for money would perhaps be the properst point; but as that cannot be done, it seems fair to leave some, and no small room, for the effects of circumstances and opinion; for which reason, I think the Company ought not to interfere till the price of stock is considerably above or below that mark; therefore 10 *per cent.* is left on each side of it: below that price the Company interferes in support of its own credit and dignity, and in defence of its own proprietors; above it, the Company equally interferes, to prevent the possibility of

of the stock's being carried to an exorbitant height. This appears to me to be a fair and moderate plan on all sides, such as will give some degree of stability and permanency to the stock, by keeping it in some constant proportion to its dividend, such as must therefore be acceptable to the Proprietors, and such as not even the Bears have reason to complain of; for though, by their *milling* the stock, they will no longer have it in their power to *clip* it, there will be still 20 *per cent.* left for them to *sweat* it.

Some doubts have, I am told, been started against the legality of the Company's acting thus, in support of the credit of their own stock; but where these doubts can arise, I am not aware of. That the Company should have such a right, seems to me to be founded on the principle of self-defence, one of the great laws of nature, and therefore till I see some positive and precise law that takes the right from them, I must suppose they have

it, and indeed it is demonstrably true from the words of the eighth bye-law.

Eighth Bye-Law.

"Item, It is ordained, That the Court of Directors shall not invest any of the Company's money or effects whatsoever in shipping (except such small ships as they may have occasion to employ in the East Indies) or in the purchasing any part or share of the capital or additional fund or stock of this Company, without the consent of the General Court first had."

The late act of parliament for carrying into execution the agreement with government, contains a clause, whereby the Company is bound to lend to the publick at 2 per cent. interest, all the money that may remain with them in Great Britain, after the discharge of the simple contract-debts bearing interest, and the reduction of their dividend debts, to a sum which shall be equal to the sum

that shall be due by the public to the Company, and this clause has occasioned some doubt of the legality of the Company's purchasing their own stock; and were they to buy it in, and thereby diminish their capital, or divide it proportionally among the present Proprietors, it certainly would have the effect of evading this clause of the act of parliament: but this is by no means the intention of the foregoing resolutions; for whenever the Company shall find itself in such a situation as to have no other simple-contract debt but such as could have been extinguished without this purchase, there can be no doubt that the stock may, and ought to be sold out, and the money applied towards extinction of the surplus bonds; therefore, this act of the Company will in no way defeat or retard a day, the execution of this clause of the act of parliament; and indeed, if it could be supposed that this clause had taken from the Company any rights it was legally possessed of before, in order to accelerate the period at

at which the Company shall be able to lend money to the public at *2 per cent.* it might equally be argued that Government had a right to controul every expence the Company is at; nay, even the mode and quantity of every species of investment, as every thing of this sort will certainly influence the quantity or the time of such loans to government. It is plain this never could be meant on either side; but even if it had been so understood, the intended resolutions would still be legal, for they make no alteration in the real situation of the Company's wealth; because the stock bought will at all times, and to all intents and purposes, be representative of the money it is purchased with, and ready to be converted into money again, whenever the execution of that act of parliament shall require it.

As to the practicability of putting these resolutions into execution, there can be no rational doubt about it. We all know the

whole sum wanted for this purchase, if borrowed of the bank, would still leave the Company less indebted to that great and rich corporation, than it has been in much worse times, and when the Gentlemen who preside there, see for what salutary ends the money is wanted, how manifestly these purposes tend to consolidate public credit and discountenance stock-jobbing, they will certainly concur in them with alacrity: but were it possible, that through any real or supposed misunderstanding between the two Companies, the Bank should hesitate on this occasion, need we ever fear to be at a loss for an advance of four or five hundred thousand pounds, on the Company's credit, while one of the chairs is filled by so great and rich a banker as Sir Geo. C——e, and the other by so able and public spirited a merchant as Mr. P. Cust*, who some years ago subscribed a large sum to a public loan for the sole good of his country,

* See his affidavit.

One difficulty, however, Gentlemen, you will probably have to contend with, but it need not discourage you; I mean an opposition from many of the Directors. There has reigned behind that bar, from the halcyon days of the administration of the *virtuous plain-dealing* Mr. Rous, and his able colleague, Mr. Dudley, to the present hour, a determined spirit of opposition to every thing that could contribute to the welfare of the Proprietors, and the peace of the Company. We all remember how those gentlemen behaved when the first increase of dividend from 6 *per cent.* was moved for; they had been apprized of it before hand, by the candour of those gentlemen, who intended to move it, and having no arguments to offer against it, they obtained an *unanimous opinion* of the Court of Directors, that all increase of dividend was *premature*; and endeavouring to substitute authority in the place of reason, they were weak enough to suppose their *opinion* was to outweigh, with the General Court, the clearest demonstration that

that every proposition was founded on His hand upon his heart, and his eyes lifted up to heaven, the Deputy Chairman protested the Company could not afford more than 6 per cent. dividend, whilst his colleague in the chair, with his manly but laconic eloquence told us, the Company had no assets; and indeed the event fully certified their opinion and assertions: for the Company divided the very next year $22\frac{1}{2}$ per cent. including the money paid to Government, and accumulated about 1,300,000l. besides. Which shall we admire most in this transaction, their heads or hearts?

Another monument of their disposition towards the Proprietors, was their opposition to the act of oblivion; but when they recollect what fate their opposition in these two occasions met with, how totally the Company disregarded it, they will perhaps think twice of it before they shew their spite again. At all events, the Proprietors will stand by themselves, and not suffer their property to be

be mangled by the cold indifference, or even the active concurrence of any set of men, within the bar or without it. This is a question in which our property is materially concerned, and it must be a real pleasure to every Proprietor who supports this measure, that while he is giving stability to his own property, he is serving the cause of public credit in general, and that of the Company in particular.

C. D.